

# Five things to know about Reddit

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Wall Street [will see one of the year's most highly anticipated IPOs this week](#), when the nearly two decade old social media platform Reddit goes public, set for Thursday.

Here are five things to know about Reddit and its passionate user base:

## Not new

Reddit was founded a year after Facebook, in 2005, by Steve Huffman and Alexis Ohanian, two computer science graduates from the University of Virginia.

The site was conceived pretty much as it exists today: as a way to share and discuss interesting content from around the web.

The name "Reddit" is a play on the words "read it," reflecting the site's initial focus on link-sharing and discussion.

The look of the site is a no-frills throwback to the early internet, when message boards, forums and blogging dominated online conversations.

## **New Yorker, Vogue and... Reddit?**

Shortly after its launch, Reddit was acquired by Conde Nast Publications, the publisher of highbrow glossy magazines such as Vogue and The New Yorker.

The site's community-driven approach and low moderation ethos gradually attracted a loyal user base, particularly among the tech-savvy who eschewed the likes of Facebook or Twitter.

But unsure what to do with the money-losing (and off-brand) platform, Conde Nast spun off Reddit in 2011, effectively handing it back to the venture capitalists.

The company attracted new investors such as Tencent, the Chinese digital giant. Future ChatGPT star Sam Altman led a fundraising round in 2014 and very briefly took the reins as CEO.

## **Ask Me Anything**

Reddit is essentially run through thousands of "subreddits"—forums moderated by their creators.

The biggest subreddits have tens of millions of subscribers, including r/funny, r/games and r/music.

Some habits on Reddit became social media standards, including AMAs, or Ask Me Anything sessions where users can ask an interviewee anything during a certain window of time.

Subjects who have participated in AMAs include some of the most powerful politicians in the world, famous scientists and athletes, and ordinary people with interesting jobs.

In 2012, then-president Barack Obama nearly crashed the site during his AMA.

Subreddits are so integral to the site's experience that Reddit set aside eight percent of shares to the moderators of subreddits and top users, so that they can take part in the IPO.

## **r/wallstreetbets**

Reddit grabbed headlines when in 2021 a group of small-time traders in the r/wallstreetbets subreddit helped pump up the stock price of GameStop, a video game retailer—squeezing some of Wall Street's savviest investors who had bet against, or shorted, the company.

The events were turned into a Hollywood movie, "Dumb Money," and put Wall Street on guard against the volatility of so-called "meme stocks" and the power of social media to rattle the finance establishment.

In its filing for its IPO, Reddit warned that because of the whims of r/wallstreetbets investors, who could perhaps one day decide to turn on Reddit itself, the [share price](#) "could experience extreme volatility."

## Never a profit

Almost twenty years old, Reddit has never turned a profit and many Wall Street observers are wary that the company's shares are a safe place to put your money.

According to its filing, Reddit lost \$90.8 million last year and \$158.6 million the year before.

For most of its existence, the company had little interest in making money, and CEO and founder Huffman has said that only with his return to Reddit in 2018 did it begin to chart a path toward turning a profit.

That hasn't always been easy, given the site's independent-minded user base, who loathe other ad-heavy social media sites such as Facebook or Instagram.

To placate advertisers, in 2020, Huffman went against company dogma and implemented more strict content moderation policies, irking some of his longtime users.

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